

Register results

The following actions have been taken by Federal agencies. They have previously been summarized as proposals in CONSUMER REGISTER. Extent of consumer and other comment is reported when such information is available.

- **Federal Home Loan Bank Board (FHLBB)** has authorized a number of new mortgage types for use by Federal savings and loan associations in some states: graduated payment mortgage, variable rate mortgage, and reverse-annuity mortgage. (Rollover mortgages were included in the original proposal, but they are now included in the variable rate mortgage provision.) FHLBB received 124 comments on its proposal, most of which approved the authorization of the alternative mortgage types. Effective date was Jan. 1. See page 3 of this issue of CONSUMER NEWS for a more detailed discussion of these mortgage types. Details—*Federal Register*: Dec. 20, 1978, page 59336; July 31, 1978, page 33254. CONSUMER REGISTER: Aug. 1, 1978. For more information call or write Nancy Feldman, Federal Home Loan Bank Board, Washington, DC 20552; telephone 202-377-6443.

- **Housing and Urban Development Dept. (HUD)** has issued a new *Use of Materials Bulletin for Plastic Bathtubs, Shower Units and Lavatories* which incorporates new fire safety requirements for plastic plumbing fixtures built under HUD mortgage insurance and low-rent public housing programs. HUD received 20 comments in response to the original notice, the majority of which came from individual companies that made the polymeric (plastic) materials or the finished product. The National Fire Protection Association also responded. (Mandatory compliance date is April 27, 1979.) Details—*Federal Register*: April 27, 1978, page 18034; Sept. 22, 1975, page 43539. CONSUMER REGISTER: Oct. 15, 1975. For information write or call Donald Baxter, Housing and Urban Development Dept., Washington, DC 20411; telephone 202-755-5929.

Octane ratings

Jan. 26 is deadline for comments on **Federal Trade Commission's (FTC)** staff report recommending a rule for posting octane levels on gas pumps and establishing a uniform method by which refiners and distributors will certify octane levels to retailers.

Last June, President Carter signed The Petroleum Marketing Practices Act to "encourage conservation of automotive gasoline and competition in the marketing of such gasoline by requiring that information regarding the octane rating of automotive gasoline be disclosed to consumers."

Octane rating is a measure of how well gas will resist "knocking" in an engine. A persistent or severe knock can seriously damage a car's engine. However, according to the staff report, "octane overbuying" by consumers can unnecessarily add to cost of gas and deplete energy resources while contributing to air pollution. "Higher octane gasolines often cost more than the lower octanes, and consumers who buy more octane than is needed to control engine knock derive no benefit from the additional money they spend."

Under the rule, labels indicating the minimum octane number would be black print on a yellow background roughly the size of a dollar bill folded in half. They would have to be placed on the front of the pump as close as possible to the gasoline price.

The Petroleum Marketing Practices Act also mandates that FTC issue a second rule requiring automobile manufacturers to disclose octane requirements of all new cars. FTC expects to do this in a future proceeding.

Although the old **Federal Energy Administration** (now **Energy Dept.**) had octane rules in the past, they were never actively enforced. FTC hopes the new laws will result in much better compliance.

Details—*Federal Register*: Dec. 26, page 60176. Send comments identified as "Comments on Staff Report—Octane Rule" to the Secretary, Federal Trade Commission, 6th St. at Pennsylvania Ave., NW, Washington, DC 20580. For further information or a copy of the report telephone James Mills, 202-724-1967. Consumers wishing to make comprehensive comments should obtain the staff report as soon as possible. Mr. Mills has said that comments from CONSUMER REGISTER readers will be accepted within a reasonable time after the Jan. 26 deadline.

Cellulose insulation

Feb. 20 is deadline for comment on **Consumer Product Safety Commission's (CPSC)** proposal for a label on cellulose insulation which stresses the importance of its proper installation to prevent fires.

CPSC says that improper installation of cellulose insulation over recessed light fixtures or close to hot exhaust flues can cause fires. In CPSC tests, 8 samples of the insulation, some of which reportedly passed minimum safety tests, were packed over recessed lights using the recommended wattage bulb. Six samples began to smolder in less than 8 hours and 2 caused open flames within 11 hours. Twenty-eight reports on file at the Commission have identified recessed lights as the ignition source of cellulose insulation fires. Reports from laboratories and fire departments around the country have also pointed out the possibility of cellulose ignition over recessed light fixtures even if the insulation did not burn in a flame test.

[CPSC has already ruled that all cellulose insulation manufactured after Sept. 7, 1978 must pass flammability tests. See CONSUMER REGISTER: Sept. 1, 1978.]

The proposed label would read in part:

"WARNING—TO PREVENT FIRES: Keep cellulose insulation at least 3 inches away from recessed light fixtures. Do not place insulation over such fixtures. Also keep this insulation away from exhaust flues of furnaces, water heaters, space heaters, or other heat-producing devices. To be sure that insulation is kept away from light fixtures and flues, use a permanent open top barrier around these items."

Installers would be requested to remove the warning label and give it to the consumer when the job was completed. Under the proposal, cellulose insulation manufactured, imported, packaged, or sold by the manufacturer or importer after Aug. 31, 1979 would have to comply with this labeling requirement.

Details—*Federal Register*: Dec. 20, page 59390. Send comments to the Secretary, Consumer Product Safety Commission, Washington, DC 20207. Comments should be marked: Cellulose Insulation, Section 27 (e) Proposal. For further information write Harry I. Cohen at the address above or telephone: 301-492-6453.

Franchising

Feb. 20 is deadline for comment on Federal Trade Commission's (FTC) proposed guides covering rules for franchising and other business opportunity ventures.

The rule, which becomes effective July 21, 1979, requires a franchisor to disclose material facts about its business and about the franchise relationship to prospective franchisees at their first personal meeting or at least 10 days prior to signing a contract or paying any money. The rule prohibits misrepresentations concerning actual or potential sales, income or profits, and would make firms violating the rule liable for civil penalties of up to \$10,000 per violation.

"Far too many consumers have invested their life savings in business ventures about which they had very little solid information," according to the head of FTC's Bureau of Consumer Protection. "This rule will provide would-be investors with the factual information they need to make an informed investment decision. Furthermore, it will provide potential investor with a means of verifying claims made by the franchisor's sales personnel."

In general, the rule and proposed guidelines cover 3 "types" of franchises:

(1) "Package" or "Business Format" franchises such as fast food, car products or services (car washes, transmission centers, etc.), car and truck rentals, beauty salons, business aids and services (tax preparation and accounting services, etc.), campgrounds, equipment rentals, employment services, motels, hotels, and copying centers.

(2) "Product" franchises such as automobile dealerships and gasoline service stations which are substantially identified in the public's mind with the franchisor's trademark.

(3) "Business Opportunity Ventures" which would include vending machine routes and selling or offering certain kinds of distributorships, usually those of a well-known third party, i.e., Kodak film.

FTC's rule says that prospective franchisees must receive advance information on 20 subjects including:

- Business experience, as well as litigation and bankruptcy history of the franchisor and its key management personnel.
- Costs, both initial and recurring, which the franchisee is required to pay.
- Statistical information on the number of franchises and company-owned outlets.
- Termination, cancellation and renewal provisions of the franchise agreement.
- Number of franchises terminated during the past year and reasons for their termination.
- Restrictions imposed by the franchisor on the manner in which the franchisee may operate his/her business. This includes restrictions on such things as the type of goods which can be sold, supplier that can be used and the geographic area in which the franchise may operate.
- Franchisors must have a reasonable basis (prepared according to accepted accounting principles) for making claims as

to actual or potential sales, income, or profits. Franchisors must provide material to substantiate any such claims.

Before the rule goes into effect, FTC is asking for comments on their proposed guidelines. These guides are interpretive, intended to help franchisors understand their compliance obligations, and do not amend or modify the rule's requirements. Anyone wishing to comment on the proposed guidelines should obtain a copy by writing or calling Mr. John Tifford at the address given below.

Details—*Federal Register*: Dec. 21, 1978, page 59614. CONSUMER REGISTER: Nov. 1, 1974. Send comments to John Tifford, Room 221, Federal Trade Commission Building, 6th and Pennsylvania Ave., NW, Washington, DC 20580; telephone 202-523-3814. For further information contact Mr. Tifford at above address.

Freedom of Information at ICC

Jan. 22 is deadline for comment on whether the Interstate Commerce Commission (ICC) should adopt regulations for Freedom of Information Act (FOIA) requests for documents containing commercial information given to the ICC by private business firms. (This deadline is very close; but ICC says it will try to consider comments for a reasonable period after Jan. 22.)

Some of the questions being considered are:

- Should the ICC give formal notice to a business firm when an FOIA request concerning its firm is received?
- When an FOIA request is received should ICC require a written statement from the firm explaining why any documents should be withheld or should ICC rely exclusively on informal communication with the firm?
- Should the Commission also consider views of the FOIA requestor as to why the documents should be disclosed?
- If ICC determines that documents should be disclosed, should there be provision for administrative appeal?
- Should business firms be required to identify what information they consider confidential and to justify any claim of confidentiality?
- Should information not marked confidential be automatically available to the public on request?
- If the ICC, upon request of the business firm, makes an advance determination of confidentiality, how should subsequent FOIA requests be handled?
- Are there any categories of business data for which drafting of substantive disclosure rules might be helpful?

Details—*Federal Register*: Dec. 8, page 57625. Send comments to Secretary, Interstate Commerce Commission, Washington, DC 20423. For further information contact Wayne Senville at the above address; telephone 202-275-1684.

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consumer comment

Federal agencies want to learn your views on proposals and other items published in the *Federal Register* and CONSUMER REGISTER. Agencies use these comments in their decision making.

These forms are provided for you to use, if you wish, in commenting on these items. For more lengthy comments, feel free to use a plain sheet of paper. Send comment forms to addresses listed in CONSUMER REGISTER summaries. CONSUMER NEWS is publishing these forms in cooperation with the Food and Drug Administration (FDA).

Name _____ Date _____

Street _____

City _____ State _____ ZIP _____

Clip this form, fill in blanks, write your comments & mail to agency noted in CONSUMER REGISTER item.

This is my opinion on (title of item in CONSUMER REGISTER) _____

by (name of agency) _____

published in *Federal Register* on (date) _____ on (page) _____

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consumer comment

CONSUMER REGISTER publishes proposed and final rules, regulations and notices of interest to consumers originally appearing in the *Federal Register*. Notices on proposed rules published in the *Federal Register* and summarized in CONSUMER REGISTER give consumers the opportunity to participate in rule making prior to the adoption of final rules. The *Federal Register* is published to provide a uniform system for making available to the public regulations and legal notices issued by Federal agencies.

A large rectangular area defined by a dashed black border, intended for consumers to write their comments.A medium-sized rectangular area defined by a dashed black border, intended for consumers to write their comments.A small rectangular area defined by a dashed black border, intended for consumers to write their comments.

